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19 November 1954

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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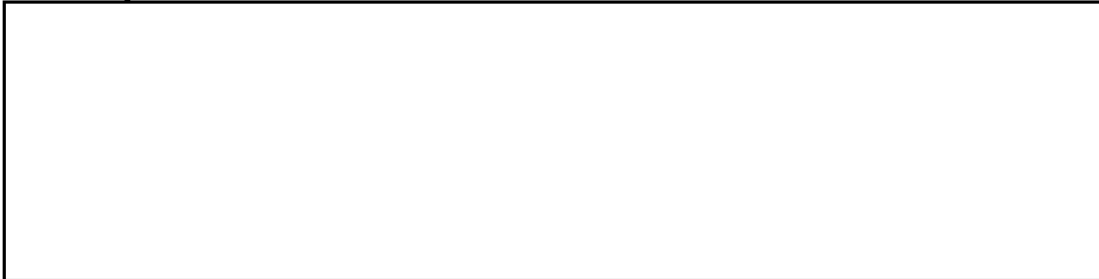
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FAR EAST

1. Nomura emerging as compromise candidate to succeed Yoshida:

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Former admiral Kichisaburo Nomura, Japan's ambassador to Washington at the time of Pearl Harbor, will, [redacted]

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[redacted] ultimately be acceptable to all conservative factions as a compromise choice for prime minister in the event Yoshida is forced out of office. Nomura's backers point out that Yoshida likes him, Nomura's strong stand on rearmament and the constitutional revision question appeals to all elements of the opposition Progressives, and he enjoys the confidence of the business world.

His principal supporters, who include former prime minister Hitoshi Ashida, are motivated by a belief that new elections would benefit only the Socialists and that all possible steps should be taken to avoid a Diet dissolution.

Comment: Nomura's chances will depend on whether a stalemate develops between more prominent pro-Yoshida and anti-Yoshida candidates, as seems possible. Ashida no longer enjoys great political influence, and Nomura's upper house conservative support does not count for much, since the lower house is much more powerful under the constitution.

Nomura enjoys wide prestige, and is considered pro-American, but he lacks a personal political organization and would have difficulty controlling factional rivalries over the long pull.

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5. Fear of USSR apparently still strong factor in Afghan politics:

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Afghan ministers at a recent cabinet meeting vigorously and almost unanimously objected to renewing the contract for the Morrison-Knudsen Afghanistan Company, an American construction firm which has been engaged on economic development projects in southern Afghanistan, [redacted] has informed Ambassador Ward in Kabul. Approval was obtained only after Foreign Minister Naim, "in tears and on his knees before Prime Minister Daud," made an impassioned plea to the effect that failure to retain American interests in the country would eventually force it to become a Soviet satellite.

Naim told Ward on 16 November that cabinet approval had been granted the day before.

Comment: If the account of the meeting is true, it is a good indication that fear of the USSR is still a decisive element in Afghan politics. There is a possibility, however, that the above story is designed to develop a keen American government interest in Afghanistan.

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NEAR EAST - AFRICA

6. Nuri Said opens campaign for greater military aid:

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Prime Minister Nuri Said told Ambassador Gallman on 17 November that Iraq needs the same kind of military equipment that is going to Turkey and Pakistan.

Nuri declared that Iraq urgently needs six tanks for training purposes and that his military advisers estimate \$140,000,000 will be required to modernize the Iraqi army.

Nuri told Gallman that he did not care whether Iraq's needs were met by Britain or the United States. He said that Iraq is now spending as much on defense as it can without diverting funds from its economic and social development program.

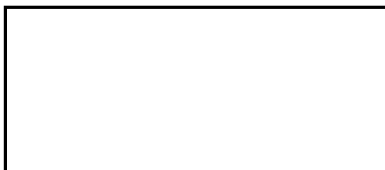
Comment: Nuri's request is apparently not only the opening gun in a campaign for enlarging the \$10,000,000 American aid program but also is the real beginning of Nuri's maneuvering on Middle East defense. Former prime minister Jamali frequently emphasized that Iraq could not move ahead on area defense without American aid in an amount that would impress the Iraqi public.

Iraq's defense budget for 1954-55 is \$40,000,000--26 percent of its total regular budget. The first shipment of American equipment under the aid agreement is scheduled to arrive on 22 December. Iraqi officials have said they fear a popular outcry against the "rather small" size of the American program.

WESTERN EUROPE

7. Paris embassy discusses outlook for Mendes-France government:

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The American embassy in Paris now believes that Premier Mendes-France may be opposed by a majority in the National

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Assembly on the North African issue. The embassy also notes that his Indochina policy will be attacked by Popular Republicans and Gaullists, and that he faces difficulty in the current budget debate. Nevertheless, his position will likely be safe until the Paris agreements are ratified, and would probably be strengthened by an agreement on a firm date for Big-Four talks.

There is much speculation in Paris that in any event, Mendes-France will fall in a few months, probably by March.

Comment: The growing number of attacks on the premier from all political parties indicates that the assembly is overcoming the inertia it has heretofore exhibited in the face of his dynamic approach. Any sign of indecisiveness on the premier's part could lead to his fall.

8. French Communists seen focusing attacks on government's North Africa policy:

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Ambassador Dillon believes the French Communist Party may be developing the North African issue into "another Indochina" as far as French domestic politics are concerned. The party apparently expects the government's parliamentary support to be divided whether the premier decides to repress disturbances with a strong hand or to appease the North African nationalists.

The Communists have avoided strong attacks on the premier personally, possibly because of his great popularity, even among Communist voters.

Communist leaders have publicly admitted that party propaganda media have recently lost ground, and close observers believe that "some of the more illustrious heads" in the French Communist Party may roll soon, probably when the Paris agreements are ratified.

Comment: The French Communist Party had been accepted as an ally by the other anti-EDC forces but has

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been relatively isolated again since the Paris agreements were drafted. The party can now be expected to redouble its efforts to play up the North African issue, on which it will not be alone in assembly debates.

LATIN AMERICA

9. Comment on Chilean cabinet crisis:

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The entire Chilean cabinet offered their resignations on 17 November, anticipating rejection by congress of the state of siege declared by President Ibanez on

20 September. The only two ministers actually replaced by Ibanez, however, were the ministers of interior and agriculture.

The new interior minister, Arturo Olavarria Bravo, is perhaps the worst enemy of the United States in Chile. He is also a rabid hater of Communism. As minister of the interior, he is next in line for the presidency and commands the national police of some 24,000 men.

Congress' expected rejection of the state of siege would not offset Ibanez' immediate control of the situation; it might result in his dissolving congress and ruling by decree.



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